

Message Text

LIMITED OFFICIAL USE

PAGE 01 CONAKR 01053 161102Z

10

ACTION EB-11

INFO OCT-01 AF-10 ISO-00 SP-03 AID-20 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 H-03 L-03 PA-04 PRS-01 USIA-15 INT-08 DRC-01

ARA-16 EA-11 EUR-25 /213 W
----- 000596

P 151635Z JUL 74

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC PRIORITY 9952

LIMITED OFFICIAL USE CONAKRY 1053

E.O. 11652: N/A

TAGS : EMIN GV US

SUBJECT : ASSESSMENT OF INVESTMENT, TAXATION AND EXPROP-
RIATION TRENDS IN THE ALUMINUM/BAUXITE INDUSTRY

REF: STATE 145450

CONAKRY 314, CONAKRY 342, CONAKRY 481, CONAKRY 490,
CONAKRY 568, CONAKRY 714

1. FOLLOWING ARE EMBASSY RESPONSES TO CORRESPONDING QUESTIONS
POSED PARA 2 STATE 145450:

A. CURRENT PLANS FOR EXPANSION OF GUINEAN BAUXITE AND
ALUMINA PRODUCTION ARE GENERALLY AS SET FORTH CONAKRY 0568 AND
HAVE NOT BEEN AFFECTED BY RECENT JAMAICAN TAX INCREASE. BOKE
BAUXITE PROJECT WILL EXPORT ABOUT 4 MILLION TONS FOR YEAR
ENDING OCTOBER 1974. THERE ARE PLANS TO RAISE PRODUCTION TO
6 MILLION TONS FOLLOWING YEAR AND EVENTUALLY 9 MILLION TONS
(THOUGH GUINEANS PUSHING FOR 10 MILLION). FRIGUIA PRODUCED
615,000 TONS ALUMINA IN 1973 COMPARED WITH A RATED CAPACITY
OF 700,000 TONS. THERE ARE TENTATIVE PLANS TO EXPAND THE
FACILITY TO INCREASE OUTPUT TO ONE MILLION TONS IF FINANCING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CONAKR 01053 161102Z

AVAILABLE. SOVIET BAUXITE PROJECT, WHICH RECENTLY BEGAN

OPERATIONS WILL EVENTUALLY PRODUCE 3 MILLION TONS ANNUALLY. SWISS AND YUGOSLAVS FORMING TRIPARTITE COMPANY WITH GUINEANS TO EXPORT BAUXITE. THIS PROJECT, WHICH MAY BE EXPANDED TO PRODUCTION OF ALUMINA AND MAY BE JOINED BY ALGERIANS AND PERHAPS OTHER ARABS, DEPENDS ON CONSTRUCTION OF TRANS-GUINEAN RAILWAY. GUINEANS HAVE SIGNED AGREEMENT WITH ROMANIA TO PRODUCE ALUMINA IN THE BOKE AREA, BUT PROJECT W DEPENDS ON FINDING ADDITIONAL SOURCES OF FINANCING. GUINEANS HAVE ATTEMPTED TO GENERATE ARAB INTEREST IN PARTICIPATING IN THIS PROJECT. PRESIDENT TOURE (PROBABLY PREMATURELY) ANNOUNCED ARAB STATE INTEREST ON MAY 20 (CONAKRY 0754).

ALL INCREASES IN GUINEAN BAUXITE AND ALUMINA PRODUCTION WILL BE EXPORTED. ASSUMING THAT EXPORTS WILL CORRESPOND TO PERCENTAGE OF OWNERSHIP OF ORE BY US COMPANIES, MAJOR PORTION OF BOKE BAUXITE PRODUCTION WILL BE BOUGHT BY ALCOA AND MARTIN-MARIETTA. FRIGUIA PRODUCTION IS MAINLY EXPORTED TO FRANCE. SOVIETS WILL TAKE 90 PERCENT OF OUTPUT OF THEIR PROJECT. LIKELY THAT WISS AND YUGOSLAVS WILL PURCHASE ALUMINA PRODUCED THEIR PROJECT.

B. THE GUINEAN GOVRNMENT HAS EQUITY PARTICIPATION IN ALL

COMPANIES PRODUCING OR PLANNING TO PRODUCE BAUXITE OR ALUMINA. CONSEQUENTLY, THE GUINEANS HAVE A SIGNIFICANT INPUT INTO ALL PLANS FOR EXPANSION AND SUPPORT THEM FULLY.

C. JAMAICAN MINISTER OF STATE DUDLEY THOMPSON MADE FIVE DAY VISIT TO GUINEA ENDING MAY 14. JAMAICAN TAX INCREASE WAS CERTAINLY AMONG TOPICS DISCUSSED. FOLLOWING VISIT, MINISTER OF FINANCE AND ECONOMY ISMAEL TOURE COMMENTED TO AMBASSADOR THAT DEVELOPING ITUNTRIES WOULD ALWAYS GIVE MUTUAL SUPPORT AND WOULD NEVER HINDER E ORTS ON EACH OTHER TO GET MAXIMUM BENEFITS FROM RESOURCES (CONAKRY 714). JAMAICAN AMBASSADOR TO FRANCE IS PRESENTLY IN GUINEA FOR TWO-DAH VISIT, PRESUMABLY TO SIGN IBA AGREEMENT. JUNE 13 ISSUE OF PARTY NEWSPAPER "HOROYA" PUBLISHED SHORT ARTICLE SUMMARIZING SPEECH BY JAMAICAN PRIME MINISTER MANLEY ON TAX INCREASE. SINCE ALL INFORMATION IS TIGHTLY CONTROLLED IN GUINEA, MERE FACT THAT ARTICLE PUBLISHED INDICATES GUINEAN SYMPATHY FOR JAMAICAN TAX INCREASE.

D. GUINEA IS ONE OF THE LEAST DEVELOPED COUNTRIES IN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CONAKR 01053 161102Z

THE WORLD. PRESIDENT TOURE WELL AWARE THAT IF GUINEA IS TO BENEFIT FROM RESOURCES IT MUST COOPERATE WITH FOREIGN INVESTORS.

GUINEA ALREADY PARTICIPATES IN OWNERSHIP OF ALL BAUXITE PROJECTS AND TAKES SUBSTANTIAL SHARE OF PROFITS (65 PERCENT). HIGHLY UNLIKELY PRESIDENT TOURE WOULD JEOPARDIZE FURTHER INVESTMENT BY TAKING EXPROPRIATORY ACTION AT THIS TIME. NOT EXCLUDED, HOWEVER, THAT HE WILL PRESS FOR HIGHER RETURN TO

GUINEA THROUGH INCREASED TAXES OR PRICES. PRESIDENT HAS INSISTED IN SPEECHES THAT FUTURE AGREEMENTS WITH FOREIGN INVESTORS SHOULD PROVIDE FOR AT LEAST GUINEAN TRANSFORMATION OF BAUXITE TO ALUMINA IN ORDER TO PARTICIPATE IN VALUE ADDED PROFITS. IN MORE GENERAL TERMS PRESIDENT HAS ALSO CALLED FOR MORE FAVORABLE TERMS OF TRADE FOR DEVELOPING COUNTRIES. (SEE ALSO CONAKRY 342 AND CONAKRY 490.) IN CASE OF FRIGUIA, GUINEA PROPOSED ABOLISHMENT TF "ONE-THIRD RULE" IN ORDER TO CONTROL ALL FRIGUIA RECEIPTS. (SEE ALSO CONAKRZ 314 AND CONAKRY 481.)

E. NO FURTHER COMMENTS OR RECOMMENDATIONS AT THIS TIME.

2. TO SUPPLEMENT SUMMARY RESPONSES ABOVE, SEE RECENT REPORTING AS INDICATED IN APPROPRIATE REFERENCES.

3. EMBASSY HAS NO PLANS TO APPROACH GUINEAN GOVERNMENT FOR ADDITIONAL SPECIFIC INFORMATION. HOWEVER, WE EXPECT THAT GENERAL SUBJECT WILL ARISE DURING MEETING SCHEDULED JULY 23 BETWEEN EMBASSY/AID AND NEW "STATE COMMITTEE" TO COORDINATE ALL ECONOMIC COOPERATION, PUBLIC AND PRIVATE, BETWEEN GUINEA AND U.S. WE WILL REPORT ANY FURTHER INFORMATION THAT MAY BE DEVELOPED BEFORE JULY 29.

TODMAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ALUMINUM, BAUXITE, NATIONALIZATION, INDUSTRY, ECONOMIC REPORTS, BUSINESS FIRMS, INCOME TAXES, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CONAKR01053
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740190-0121
From: CONAKRY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740750/aaaabqet.tel
Line Count: 138
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 145450
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 29 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 AUG 2002 by WorrelSW>; APPROVED <26 MAR 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: : ASSESSMENT OF INVESTMENT, TAXATION AND EXPROP- RIATION TRENDS IN THE ALUMINUM/BAUXITE INDUSTRY
TAGS: EMIN, EFIN, EIND, GV, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005